FOREIGN POLICY BULLETIN

An interpretation of current international events by the Research Staff of the Foreign Policy Association FOREIGN POLICY ASSOCIATION, Incorporated 22 East 38th Street, New York 16, N. Y.

Vol. XXIV, No. 47

SEPTEMBER 7, 1945

OCCUPATION PAVES WAY FOR STERN POLITICAL MOVES IN JAPAN

W/ITH Japan's formal acceptance of the documents of unconditional surrender on September 1, the struggle against Japanese aggression has entered a new phase in which—to use the words of Secretary of State Byrnes—our main function will be to bring about "the spiritual disarmament" of the Japanese people and "to make them want peace instead of wanting war." It is not an accident that between the time of the Japanese surrender statement of August 14 and the landing of our first troops on August 28 American spokesmen avoided answering the propaganda of the Japanese radio. But now it is apparent that, as the security of our forces increases Washington is giving greater public attention to political developments in Tokyo.

Although considerations of security are not yet entirely a matter of the past—only a portion of the occupying armies has arrived in Japan — the genuineness of the military surrender has become clear. On August 29, after some Ameriican troops had already gone ashore near Tokyo, Secretary Byrnes considered it appropriate to refute the argument advanced in an Imperial rescript and other Japanese statements that the atomic bomb was the chief cause of Japan's defeat. Mr. Byrnes pointed out that the Japanese, apparently recognizing the hopelessness of their position, had unsuccessfully asked for Russia's mediation some time before the atomic bomb was used. This statement is important, because any future Japanese move toward military resurgence would probably rest in part on the view that Japan was not defeated in a genuine test of national strength, but had to yield temporarily because of an unusual scientific development.

DEMOCRACY FOR JAPAN? At the opening of the surrender proceedings on September 1 General MacArthur stressed the importance he attaches to freedom, tolerance and justice. When the cere-

mony was over, he made his first clear-cut reference to political questions, declaring that in Japan "freedom of expression, freedom of action, even freedom of thought were denied through suppression of liberal education, through appeal to superstition and through the application of force." Stating that "we are committed by the Potsdam Declaration of principles to see that the Japanese people are liberated from this condition of slavery," he made the following pledge: "It is my purpose to implement this commitment just as rapidly as the armed forces are demobilized and other essential steps taken to neutralize the war potential." On the same day Secretary Byrnes emphasized that steps would be taken to encourage democratic reforms, so that Japan's peasants and industrial workers may have a voice in government. Of the general objective of American occupation policy he declared that we expect eventually to see in Japan a peaceful government, "broadly based on all elements in the population."

America's course will be judged by the manner in which these-statements are implemented rather than by the words themselves, but they are worth quoting because they provide a verbal basis on which a farsighted, effective policy can be developed. General MacArthur and Secretary Byrnes recognize that strict military and technical controls, although essential, will not guarantee a permanently peaceful Japan unless fundamental political changes occur at the same time. If further proof of this fact is required, it can be found in the cleverness of Japan's official propaganda in recent weeks, a propaganda which has sought to divide the Allies, enlist the support of the Japanese people for the existing régime, and satisfy the occupying authorities that the cabinet of General Higashi-Kuni is taking the country along the road to democracy. Certainly nothing could be more shrewd than the plans announced in Tokyo

Contents of this BULLETIN may be reprinted with credit to the Foreign Policy Association.

to hold national elections in January, presumably in the hope of securing a mandate from the people before a thorough awareness of defeat permeates the nation and new political groups can organize themselves effectively. It remains to be seen what attitude the Allies will take toward these arrangements.

TRENDS IN SOVIET POLICY. Meanwhile, in another part of the Far East, the policies of the U.S.S.R. are assuming more concrete form. In a victory address of September 2, Generalissimo Stalin declared that southern Sakhalin and the Kurile Islands would become Soviet territory "and from now on will not serve as a means for isolating the Soviet Union from the ocean and as a base for Japanese attacks on our Far East." At the same time the Russian announcement that troops of the Chungking government have arrived in Manchuria and taken up the protection of Manchurian cities together with Russian forces indicates that the terms of the Chinese-Soviet accord are being implemented.

In recent days the Russians have shown clearly that their pledge to deal only with the Central government and not to interfere in China's internal affairs does not mean that they are indifferent to Chinese developments. Twice, on August 29 and 31, the Red Army newspaper, Red Star, discussed the situation in China. The publication stated that only if China followed a democratic course and cooperated with the democratic states could it secure the understanding and support of "world-wide democratic forces and the peoples of the Soviet Union." Again, on August 31, the Soviet radio at Kharbarovsk said that the U.S.S.R. was "watching with interest and concern" the Kuomintang-Communist negotiations in

Chungking. "It is imperative," the broadcast urged, "that China take the road of unity without delay."

PROSPECTS FOR CHINESE UNITY. As a result of the conversations between Generalissimo Chiang Kai-shek and the Communist leader, Mao Tse-tung, the internal situation in China appears to have eased, although the troops of both sides are still engaged in a race to reoccupy Japanese-held territory. The Communists continue to stress the formation of a democratic coalition government and the right of Communist forces to receive the surrender of Japanese troops in their areas. The Chungking government has issued no formal statement on its position, but its views were clarified in the V-J Day message issued by the Generalissimo on September 3. "The most important condition for national unity," he stated, "is the nationalization of all armed forces in the country." He pledged the expansion of civil liberties, abolition of wartime press censorship "within a specific time limit," and the promulgation of a law legalizing "all political parties." While attaching great importance to early convocation of the National Assembly which will adopt a constitution, he said the government was prepared to consult all leaders beforehand and to consider a reasonable increase in the number of delegates. No specific reference was made to his talks with Mao, but various straws in the wind suggest that, while many difficult issues face those who are working on the problem of long-term Chinese unity, the prospect that a Kuomintang-Communist formula will be found are brighter than they have been for a long time.

LAWRENCE K. ROSINGER

LEND-LEASE RECKONING FORCES SHOWDOWN ON TRADE POLICIES

When World War I ended, Allied statesmen symbolized the completeness of their victory by obliging Germany to sign the Treaty of Versailles on June 28, 1919, exactly five years after the murder of Archduke Francis Ferdinand at Sarajevo. The end of World War II was marked by a similar dramatic circumstance, for General MacArthur formally accepted Japan's surrender within a day of the sixth anniversary of Hitler's attack on Poland. In both cases these historic reversals were achieved at tremendous cost in human lives and effort. The disastrous consequences of failure on the part of the Allies of World War I to keep the fruits of victory won in 1919 caused President Truman to warn the American armed services in a broadcast on V-J Day that the United States must now turn to "the grave task of preserving the peace" because "civilization cannot survive another war."

TIME FOR STOCKTAKING. Cynics discount the pledges the United Nations are now making, and predict that the Allied peoples will return to peace having learned nothing and forgotten everything. Already there are signs that a wave of oblivion is sweeping this country, and what may be described as complete emotional disarmament is taking place. This swift change of mood is, in one sense, reassuring, for it indicates the fact that this country, along with the other United Nations, not only fought to end the threat to national security but to disprove the Axis thesis that war affords opportunities for mankind's highest development.

From another point of view, however, the speed and enthusiasm with which the United States has resumed what it considers the prerogatives of peace hold a threat for the future. Neither this country nor any of its Allies has labored under any illusions that the period of wartime cooperation would not be followed by another period of hard bargaining on behalf of national interests. But it was widely hoped that an abrupt transition from international collaboration to national bargaining such as that now under way over the final lend-lease settlement be-

tween Britain and the United States might be averted.

Exactly what form lend-lease reckoning would assume was never entirely clear during the war, for the Allies who received American aid did so on the understanding that payment should take any form "which the President deems satisfactory." That the President would consider writing off the debt as a part of the cost of the war appeared to be a possibility, and President Truman seemed to give added support to this view on August 30 when he declared that there could be no thought on our part of securing a cash payment for the lend-lease aid we have extended. "If a debt approaching the magnitude of \$42 billion were to be added to the other enormous obligations of foreign Governments [incurred in the war and required for reconstruction]," he explained, "it would have disastrous effects upon our trade . . . and hence upon production and employment at home." This statement apparently did not mean, however, that the United States proposed to write off lend-lease, for on the following day Secretary of State Byrnes altered the impression the President had left by pointing out that, although the United States was not seeking repayment in money, "that does not mean that there are no lend-lease settlements to be negotiated."

What Mr. Byrnes had in mind as a possible alternative to repayment in dollars by lend-lease recipients, and in return for certain future loans, was not made immediately clear. But reports from Washington have since indicated that the United States will soon propose to Britain that it adopt a series of financial measures which, in effect, would open to American businessmen those markets in the Empire and Middle East which are now virtually controlled by the British. Stated in blunt language, this apparently means that the United States plans to ask Britain to forego or greatly reduce the economic benefits it formerly gained from its system of imperial trade preferences and from the sterling bloc as a means of fulfilling its lend-lease commitments and securing any future long-term loans from this country.

HARD BARGAINING WITH BRITAIN. In all

fairness to the United States it must be admitted that Britain is neither able nor willing to go further into debt, and some alternative to cash repayments for financial aid must therefore be found. In seeking such an alternative, however, it is necessary to keep several broad considerations in mind lest our economic policy jeopardize our political policy, which requires continuation of the closest possible cooperation with Britain in many parts of the world. First, there is the nature of the lend-lease debts themselves. These debts can clearly never be repaid, not only because of the technical difficulties involved in repayment to which President Truman referred, but because there is no equivalent in dollars or any type of economic preferences for the lives of those Allied fighting men who, by using the equipment with which the United States supplied them, helped fight our common battles. In the second place, as long as we maintain high tariffs, the British can hardly escape the conclusion that the United States is supporting international free trade not because of devotion to free trade ideals but because its tremendous industrial power enables American businessmen to meet competition from any quarter.

Britain, for its part, feels entitled to follow a trade policy that serves its interests. British industries have suffered greatly during the war and must be retooled before their products can be subjected to worldwide competition. In shaping our economic policy toward Britain, moreover, we must consider the possible long-range political results of measures which, if carried through to their logical conclusions, would force Britain to become a virtual satellite of the United States. Faced with such a prospect, it is within the realm of possibility, at least, that the British would prefer to tighten up control of the Empire and even lower their standard of living in an effort to exist without additional economic aid. Yet such a course of action, which would obviously contribute neither to the solution of potentially explosive problems in India and the Middle East nor to the prosperity of the United States, could impair the very peace that American lend-lease has just helped to win. WINIFRED N. HADSEL

U.S. RETURNS TO HULL'S FIRM POLICY ON ARGENTINA

During the past year the methods used by the United States in dealing with the Argentine problem have come full circle, from the firm nonrecognition policy pursued by former Secretary of State Cordell Hull, through the policy of conciliation under which the Farrell government secured recognition and a seat at the San Francisco Conference, to the current point of view of the State Department that is very similar to that of Mr. Hull, that the Buenos Aires régime has "fascist" characteristics unpalatable to the United States. Washington's tacit admission that

"appeasement" tactics had not proved successful was contained in a speech delivered in Boston on August 24 by Nelson Rockefeller, whose resignation as Assistant Secretary of State in charge of Latin American affairs was announced the following day.

Mr. Rockefeller condemned the Farrell government, as distinguished from the Argentine people, for having failed to live up to the vital promises given its American neighbors. If the facts Mr. Rockefeller enumerated, and which must have been known to Washington last April, are squarely

faced, the conclusion is inescapable that the United States and the other signatories of the Act of Chapultepec failed to gauge the real intentions of the "colonels" regime in Buenos Aires with which we attempted to strike a bargain.

Although Mr. Rockefeller's indictment resembles at many points the State Department memorandum issued on July 26, 1944, Washington policy has made some notable advances since that time. For Mr. Hull's criticism of the Buenos Aires dictatorship was rejected at that time by the Argentine people as unwarranted interference in their internal affairs. Today such statements as those of Mr. Rockefeller, and of former Ambassador Spruille Braden in Buenos Aires on August 29, are welcomed and wildly applauded in every sector of Argentine opinion. Diplomatic recognition of the military régime had enabled this country to send as Ambassador to Buenos Aires Mr. Braden, who established direct contacts with the Argentine people and expressed as no Argentine had been able to do the will of the people to return to constitutional government. Mr. Braden's appointment as Assistant Secretary of State on August 25 should assure the Argentines of continued United States support for their efforts to achieve democracy.

EXTREMISTS IN THE SADDLE. The diplomatic tug-of-war between Buenos Aires and Washington, in which the Argentine people have thrown their weight on the side of the United States, has seriously weakened the position of the Farrell government. President Farrell appears to have lost any control he may have had over Vice President Perón and his "nationalist" supporters. The excesses of this group are such that even top-ranking military leaders are growing cool toward the régime which sprang from their ranks; and resignations of Cabinet Ministers are so frequent as to pass almost unnoticed. Despite the patent opposition of almost all elements of public opinion, however, Perón persists in his Presidential ambitions. He would like to come before the voters as the candidate of the Radical party, largest of the Argentine political parties, and for this purpose is packing the Cabinet with isolated Radicals, who are then promptly read out of the party as "collaborationists." This procedure would not be possible if the Radical party were better organized and more cohesive. The party is reported to be unwilling to ally itself with the other opposition groups—the Conservatives, Socialists, Communists, Democrats and Progressive Democrats—in a national democratic union.

As the time approaches for the elections, to be held early in 1946, the internal crisis mounts steadily. The authorities have dropped all pretense of impartial maintenance of law and order. V-J Day celebrations in the capital of a country which had been at war with Japan were violently disturbed by uniformed soldiers under orders, and by rioting groups of armed persons described as "nationalists," while the police stood idly by. When other bloody events occurred during the following days, university, college and public schoolteachers throughout the nation left their institutions in a two-day protest strike against the government. These are conditions bordering perilously upon civil war, and the government, in failing to take immediate action to restore order and provide for free elections, is moving head-on to a conflict of an even more serious nature.

FRANCO'S FUTURE UNSETTLED. What will happen in Argentina will inevitably be conditioned by the temper of the Big Three toward a nation like Spain which, in their view, gave aid and comfort to the Axis enemy. The end of the war, it was assumed, would deal the death blow to Franco's régime; and, as a matter of fact, the Potsdam decision to bar Spain from the United Nations organization, coupled with the Labor victory in Britain, seemed to foreshadow more severe treatment for the "Junior Axis." It is impossible to overestimate the effect such a policy would have on the entire Ibero-American world. Since then, however, the Labor government has indicated that Britain's strategic interests in the Mediterranean area would preclude it from taking any action in Spain which might encourage civil war in that country, and so increase Britain's problems. President Truman's distaste for Franco and the Falange government, expressed at a press conference on August 23, should not be allowed to obscure the fact that the United States has conceded the direction of Allied policy on Spain to Britain. On September 4, however, the British and French Ambassadors to Madrid handed to the Spanish government a joint note calling for the withdrawal of Spanish forces from Tangier within a week. OLIVE HOLMES

The Pattern of Soviet Power, by Edgar Snow. New York, Random House, 1945. \$2.75

The pattern of Soviet power in post-war Europe and Asia is traced to the Kremlin's efforts to safeguard the nation against future attacks. The author finds no political revolutions in territories occupied by the Red Army, but he observes that local police and Soviet authorities are sponsoring numerous changes to increase Russia's security.

FOREIGN POLICY BULLETIN. Vol. XXIV, No. 47, SEPTEMBER 7, 1945. Published weekly by the Foreign Policy Association, Incorporated. National Headquarters, 22 East 38th Street, New York 16, N. Y. Frank Ross McCoy, President, Dorothy F. Leet, Secretary; Vera Micheles Dean, Editor. Entered as second-class matter December 2, 1921, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Three Dollars a Year. Please allow at least one month for change of address on membership publications.

F. P. A. Membership (which includes the Bulletin), Five Dollars a Year

Produced under union conditions and composed and printed by union labor.

